



FISC YOKOSUKA, JAPAN

CONTRACTING INFORMATION FLASH

***PR Preparation Guide for  
Large Purchase and  
Simplified Acquisition Procedures (SAP)***

General Contracting Branch

December 2000 Edition

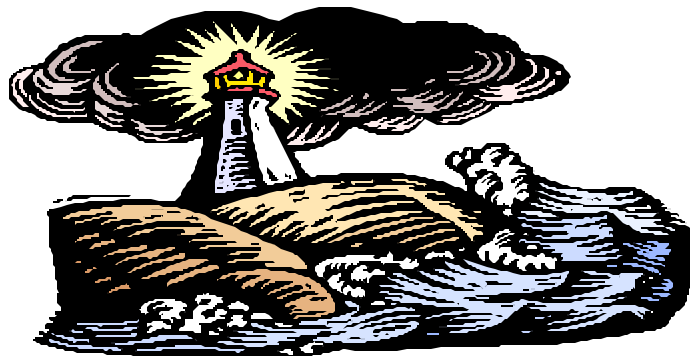
## **PURPOSES**

*The most important step in the acquisition process is the preparation of a purchase request (PR) that clearly and thoroughly describes the required supplies and/or services and includes all supplementary information necessary for the contracting office to proceed with the acquisition. This guide, as a handy reference, is to help customer activities prepare a PR to be submitted by electronic means, mail, or hand to the General Contracting Branch (Code 201.2), Contracting Division, Far East Contracting Department (FECD), FISC Yokosuka, Japan. PRs covered herein are -*

Request for Contractual Procurement (RCP) for large purchase for supplies and/or services estimated amount exceeding the simplified acquisition threshold (SAT) which is currently \$100,000 or for the acquisition of commercial items exceeding the SAT but less than \$5,000,000 pursuant to FAR Subpart 13.5 (see Chapters I and II);

RCP for delivery orders against indefinite delivery type contracts written by the General Contracting Branch, Contracting Division, FECD, FISC Yokosuka, Japan (such as for industrial gases, tugboat services, and non-skid deck coating/terrazzo materials) (see Chapter I); and

RCP for the acquisition of Information Technology (IT) resources (see Chapter III).



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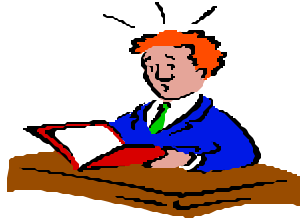
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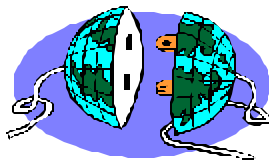
## **CHAPTER I**

### **REQUEST FOR CONTRACTUAL PROCUREMENT (RCP)**

#### **NAVCOMPT FORM 2276**

**1. Applicable Regulations:** The basic sources for acquisition policy, regulations and procedures are (these documents are available on the internet at the following addresses):

- a. Federal Acquisition Regulation (FAR) (<http://www.arnet.gov/far/> or <http://www.abm.rda.hq.navy.mil/index.cfm>);
- b. Defense Federal Acquisition Regulation Supplement (DFARS) (<http://www.acq.osd.mil/dp/dfars/dfars/dfars.html> or <http://www.abm.rda.hq.navy.mil/index.cfm>);
- c. Navy Acquisition Procedures Supplement (NAPS) (<http://www.abm.rda.hq.navy.mil/nap1.html>);
- d. NAVSUPINST 4200.85(series), Simplified Acquisition Procedures (<http://www.nll.navsup.navy.mil/nll/getdata.cfm>);
- e. NAVSUP Publication 547 (P-547), Contract Request Preparation Guide (<http://www.nll.navsup.navy.mil/nll/getdata.cfm>); and,
- f. FISC Yokosuka instructions.



### **2. Required Information for Procurement**

**a. Funding Document (NAVCOMPT Form 2276).** This form shall only be used by Navy customer activities for requesting contractual procurement or local purchase of materials or services. An electronic file of this form can be viewed on the Internet at <http://www.nll.navsup.navy.mil/nll/getdata.cfm>. **If possible, use electronic transmission and forward a complete request form with necessary information to the following e-mail address -**

For Non-HAZMAT Procurement: [fiscyk\\_c105@yoko.fisc.navy.mil](mailto:fiscyk_c105@yoko.fisc.navy.mil); or,  
For HAZMAT Procurement: [fiscyk\\_c600@yoko.fisc.navy.mil](mailto:fiscyk_c600@yoko.fisc.navy.mil).

The following are instructions for completing NAVCOMPT Form 2276:

**(1) BLOCK 1** - If applicable, indicate in this block any agreements that permit contracting offices to exceed the amount committed on the RCP.

**(2) BLOCK 2 - Document Number.** A 15 digit standard document number must be entered in this block. (Reference: NAVCOMPTINST 7000.43(series) and 7300.93(series))

Example: N6264901RC1001

**(a)** The first position of the number: The first alphabet should be "N" for the Navy, "R" for deployed activities, and "M" for the Marine Corps. Show your service designator code appropriately.

**(b)** The next five positions: Show the unit identification code (UIC) of your activity. This is a continuous number without spaces, dashes or hyphens.

**(c)** The seventh and eighth positions: It will be the last two digits of the fiscal year in which the basic document is issued.

**(d)** The ninth and tenth positions: Always "RC."

**(e)** The last four or five positions: It will contain an alpha/numeric serial number assigned at the discretion of the issuing activity. The four/five digit serial number will be right justified and preceded by zeros.

**(3) BLOCK 3 - Reference Number.** Before an activity can issue a NAVCOMPT Form 2276, it must be in receipt of some form of authorization of funds, such as an operating budget, allotment, Project Directive, or Advice of Project Funds. It is the document number assigned to such authorization of funds that is entered into this block.

**(4) BLOCK 4 - Funds Expire On.** Show the date the cited funds will expire. This is the date by which an obligation must be made. In other words, resulting contracts must be fully executed (signed) by both the contractor and the government contracting officer on or before the date appearing in this block.

**(5) BLOCK 5 - DMS (Defense Materials System) Rating.** The DMS has been superseded by the Defense Priorities and Allocations System (DPAS). **If not applicable leave this block blank.** If the materials or services to be acquired are in support of a program which has been assigned a rating under the DPAS Regulation (15 CFR 350), and the contract is to be rated, the approved rating appears in this block. The rating should consist of D0 or DX followed by the program identification symbol; e.g., D0-A7 would be a D0 rated contract for electronic or communications equipment. Generally, DX rated orders take precedent over D0 or unrated orders and D0 rated orders take precedent over unrated orders. When appropriate, the D0 or DX rating will be assigned by the customer activity. The contracting office does not have authority to assign a DPAS rating; however, it may assist the customer activity in determining the appropriate program identification symbol. In



addition to the DPAS Regulation, the program identification symbols may be found in the Department of Defense Procurement Coding Manual (DOD 4105.61(series)) on the internet at <http://web1.whs.osd.mil/diorhome.htm>.

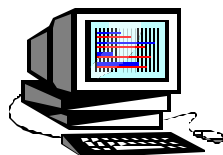
**(6) BLOCK 6 - Priority**

**Uniform Material Movement and Issue Priority System (UMMIPS).** Cite the appropriate priority designator in accordance with OPNAVINST 4614.1(series) on the internet at <http://neds.nebt.daps.mil/Directives/dirindex.html>. UMMIPS priority designators will be used as a tool in conjunction with material required dates in establishing procurement workload priorities.

**(7) BLOCK 7 - Required Delivery Date.** Specify a realistic delivery date (e.g., 30 Sep 01). Consider both our contracting process and contractor's production process to acquire the goods or services. If early delivery or partial delivery is acceptable, this should also be noted.

**(a) Requisition Lead Time.** The time from customer activity's initial preparation of a requisition through receipt of a ready RCP at the contracting activity. **Electronic transmission is highly recommended (see paragraph 2.a above).** A "ready RCP" means one that contains all the required justifications, approvals, and data necessary to initiate procurement.

**(b) Procurement Administration Lead Time (PALT).** The number of calendar days that elapse from receipt of the RCP in the contracting office to the effective award date of the contract or order. Procurement planning should allow the contracting office sufficient time to obligate funds in a mode which allows for maximum competition and/or meaningful negotiations in order to obtain the best value supplies and services. The PALT target for large purchases and SAP Test Program procurements in the General Contracting Branch, Contracting Division, FECD, FISC Yokosuka is as follows:



**Procurement for Commercial Items Using the SAP Test Program**

<u>Type of Evaluation/Award</u>	<u>Number of Days (PALT)</u>
LPw/APP(*1)	35 days
LPTA(*2)	45 days
Tradeoffs(*3)	60 days

**LPTA-based Procurement**

<u>Dollar Threshold</u>	<u>(PALT)</u>
Up to \$1,000,000	60 days

\$1,000,001 to \$100,000,000	90 days
Over \$100,000,001	120 days

### **Tradeoff-based Procurement**

<u>Dollar Threshold</u>	<u>(PALT)</u>
Up to \$500,000	75 days
\$500,001 to \$100,000,000	100 days
Over \$100,000,001	150 days

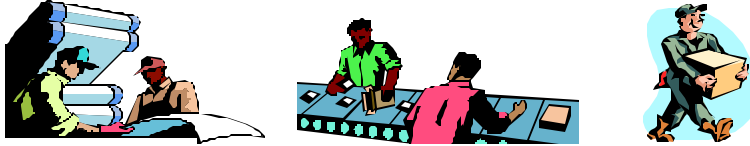
**(\*1) Lowest Price with Acceptable Past Performance (LPw/APP) Source Selection Process** - This process is appropriate when best value is expected to result from selection of the lowest evaluated price proposal with acceptable past performance information.

**(\*2) Lowest Price Technically Acceptable (LPTA) Source Selection Process** - This process is appropriate when best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price. When using this process, your requisition must identify the evaluation factors and significant subfactors that establish the technical requirements of acceptability that shall be set forth in the solicitation.

**(\*3) Tradeoff Process** - This process is appropriate when it may be in the best interest of the Government to consider award to other than the lowest priced offeror or other than the highest technically rated offeror. When using this process, your requisition must identify (a) all evaluation factors and significant subfactors that will affect contract award and their relative importance that shall be set forth in the solicitation and (b) the information as to whether all evaluation factors other than cost or price, when combined, are significantly more important than; approximately equal to, or significantly less important than cost or price.

**Important!** -- The above PALT targets were derived from historical information. Therefore, they might vary depending on the complexity of the requirement.

**(c) Production Lead Time.** The time from the effective date of the contract to the delivery date specified in the contract. The delivery date must be an actual date, or a specified number of days after date of contract, rather than "ASAP" (as soon as possible). A required delivery date is a date of such importance that meeting it justifies paying a premium. If the required delivery date is such that upon its passing, the urgency of the requirement diminishes (e.g. the sailing of a ship), this should be made clear in the RCP. **Unreasonable delivery dates at best cost extra money. At worst, vendors will not bid or will protest a solicitation with unreasonable delivery dates.** Both actions will normally delay award far beyond what would have originally been a reasonable delivery date.



**(8) BLOCK 8 - Amendment Number.** When the NAVCOMPT Form 2276 is initially issued the word "BASIC" should be placed in this block. A sequential number, commencing with "001," will be assigned by the customer activity to identify each amendment to the original (basic) document.

**(9) BLOCK 9 - From.** Specify the name, address and zip code of the customer activity.

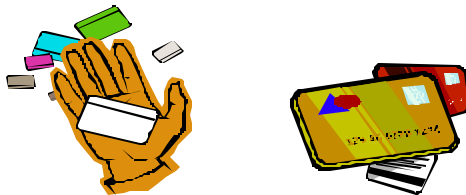
**(10) BLOCK 10 - For Details Contact.** Often contract specialists must contact someone knowledgeable about the requirement to resolve any questions that arise prior to or during the solicitation or selection process. Therefore, your requisition should identify a point of contact (name of activity, name, code, mailing address and telephone number) responsible to coordinate discussions with the contracting office. This information is extremely critical to the timely processing of your request.

**(11) BLOCK 11 - To.** Enter the name, specific address, zip code and Unit Identification Code (UIC) of the activity which will be awarding your the contract/order. The address should include the building number or other specific location. The following should be normally specified in this block when you submit to FISC Yokosuka:

N62649 Commanding Officer  
Attn: Code 200  
FISC Yokosuka  
PSC 473 Box 11  
FPO AP 96349-1500

**(12) BLOCK 12 - Invoice Address.** The name and address of the organization or activity to whom the contractor's invoice(s) are to be mailed.

**Important!** - DoN has established a policy for the use of the Governmentwide Commercial Purchase Card (GCPC) as a payment method. If possible, use this payment method and identify such intent on your requisition. Procedures for the use of GCPC as a payment method should be in accordance with the DoN Policies and Procedures for the Implementation of the GCPC, NAVSUPINST 4200.94(series) on the internet at <http://www.nll.navy.mil/nll/getdata.cfm>.



**(13) BLOCK 13 - Accounting Data to Be Cited on Resulting Contracts**

**(a) General.** Normally, full and complete accounting data should be furnished for the total estimated cost.

**(b) Accounting Classification Reference Numbers (ACRNs).** This will be assigned to each line of accounting classification data cited, commencing with "AA" in accordance with DFARS 204.7107 and the Military Standard Contract Administration Procedures (MILSCAP) System. Where there is one line of accounting, the ACRN will always be "AA".

**i. Firm Fixed Price Contract/Order** - Cite complete accounting data and total value. For new solicitation, provide estimated value. For exercising an option year, provide actual value in the contract/order. If performance begins 1 October and funds are not currently available, state "Funds will be available 1 October 20XX, unless advised to the contrary."

**ii. Indefinite Delivery Requirements Contract** - Specify type of funds to be used such as "O&M,N" or "NWCF (Navy Working Capital Fund)," and state "Funds will be provided for each delivery order." Provide an estimated amount of the requirement for the basic term as well as individual option terms if options are contemplated.

**iii. Indefinite Delivery Indefinite Quantity (IDIQ) Contract** - **Provide accounting data and funds to cover the minimum guarantee/amount that should be obligated at the time of award (see FAR 16.504(a)).** If performance begins 1 October and funds are not currently available, state "Funds will be available 1 October 20XX, unless advised to the contrary."

**(c) Unfunded RCP.** If certain conditions are met, a requisition may be submitted on an unfunded basis when the requiring activity expects funding or funding is in process. With an unfunded requisition, the contracting office can proceed with the procurement up to negotiation. However, adequate funds must be provided before the contracting officer signs an award instrument. Contact FECD for more guidance.

**(14) BLOCK 14 - Authority to Increase Funding.** Funds specified shall not be exceeded without prior written approval from the requesting activity. It also means that contractual action will stop until additional funds are provided. Requiring activity is requested to prepare accurate but also sufficient estimated amount carefully. See subparagraph (15)(g) below also.

**(15) BLOCK 15 - Screening.** Originators should check whether or not the items being requested are included in the Interservice Supply Support Program before preparing this form. Remember, NAVCOMPT Form 2276 should be used **only for requesting contractual procurement or local purchase of materials/services.** Customer Service Department (Code 105), FISC Yokosuka will first conduct technical screening of your requisitions to determine whether or not the required items are non-standard. If your requesting items are found to be available from existing Government stocks by technical screening, **the RCP will be returned for you to prepare appropriate form for stock items.**



**(a) BLOCK 15A - ACRN.** When appropriate, each item description will be identified with its respective line of accounting data through the use of the ACRNs. See Block 13, subparagraph (b) above for additional information.

**(b) BLOCK 15B - Item Number.** Each item, including data items, must be numbered.

**(c) BLOCK 15C - FSC (Federal Supply Class).** If possible, show the FSC for each line item of material. A listing of FSCs can be found in DoD Procurement Coding Manual on the internet at <http://web1.osd.mil/diorhome.htm>. The Customer Service Department will identify FSC of requesting materials/services at the time of screening if no FSC information is identified on a requisition.

**(d) BLOCK 15D - Description**

i. Describe the item or service to be purchased. All supplies or services which are considered obtainable through one purchase transaction should be included on one RCP to facilitate consolidated purchasing. The Standard Form 36, specifications, or plain bond paper may be used as continuation sheets. **It is no exaggeration to say that the supplies or services you receive are almost all dependent on the quality of the specifications or work statement you provide on RCP. Your specifications or statement of work must be clear and precise not only to yourself, but also to contract specialists who will buy your desired item, to prospective contractors who will bid on the item, and to the government personnel who receive the item. See Chapter II of this guide for additional information how to prepare your needs.** In addition, you may have various samples in the RFP Quality Assurance, Turbo Streamliner on the internet at [http://www.acq-ref.navy.mil/turbo2/index\\_nn.html](http://www.acq-ref.navy.mil/turbo2/index_nn.html).

ii. **Balance of Payments Program (BOP)** - Specify applicable exception from the BOP for the proposed acquisition. FAR or DFARS authorizes BOP exceptions that the following procurement can only be performed in the country concerned:

**A. FAR 25.303(b)(1):** A requirement can only be filled by a foreign end product or service, and that it is not feasible to forgo filling it or to provide a domestic substitute(\*4);

**B. DFARS 225.302(1)(ii):** Services which are performed outside U.S.;

**C. DFARS 225.302(4)(i) through (vi):** Supplies/services listed in DFARS 225.302(4), such as maintenance and repair of, and acquisition of spare parts for, foreign-manufactured vehicles, equipment, machinery, and systems (provided, in the case of spare parts, the acquisition is restricted

to the original manufacturer or its supplier in accordance with DOD standardization policy), industrial gases, brand drugs specified by the Defense Medical Materiel Board, bulk construction materials, etc.; or

**D. FAR 25.303(f):** An acquisition price of domestic end product exceeds 150% of foreign end product price (unreasonable cost in the U.S.) (\*4).

(\*4) - FAR Case 1999-616 dated 11 Sep 00 proposed a rule to remove the BOP as a policy within DoD, in conjunction with the proposed elimination of the burden for civilian agencies. However, this has not still become a final rule, yet. Once FAR Subpart 25.3 and DFARS Subpart 225.3 are changed, this PR preparation guide will also incorporate such changes.

**Important!** - If FAR 25.303(b)(1) or FAR 25.303(f) is used, a BOP justification **must** be attached to the requisition (see DFARS 225.302). Sample BOP justification is attached to this guide for your convenience (Attachment (2)).



**Important!** -- One of the above BOP authority **must** be specified in Block 15D. If you are not sure about assigning the above BOP exception, contact the General Contracting Branch for assistance.

**Important!** - If the estimated total value of the foreign acquisition for supplies, including the value of all option quantities or option terms, is \$177,000 or more, the **Trade Agreement Act (TAA)** applies unless otherwise the proposed acquisition is exempted by one of the exceptions set forth in FAR 25.401. This dollar threshold is subject to revision by the U.S. Trade Representative approximately every two years (FAR 25.403(b)).

**(e) BLOCK 15E - Quantity.** Indicate the quantity required. This number must relate to the unit identified in the next column.

*Example:* If buying one service for 12 months, indicate the quantity either "1 lot" or "12 months."

For indefinite delivery type contracts (IDTCs) or orders (IDTPOs), furnish the following information:

- i. Minimum dollar value or quantity you expect to order at any one time.
- ii. Maximum dollar value or quantity of any order for a single item.
- iii. Maximum dollar value or quantity of an order for a combination of items.

- iv. Total estimated quantity of each item expected to be ordered during the period of the contract/order or each option year if applicable.

**(f) BLOCK 15F - Unit.** Indicate unit of issue; e.g., each, job, pound, kg, ton, day, month, etc. Be as realistic as possible.

**(g) BLOCK 15G - Estimated Unit Price.** Indicate the estimated unit price for each item. **Be as realistic as possible.** Check previous prices paid, published price lists, independent Government estimates, etc. Provide an explanation of how the estimate was derived. Excessive estimates tie up funds which could be used for other purposes. Underestimating delays contract award since award cannot be made until the committed amount is increased in writing by customer activity.

**(h) BLOCK 15H - Estimated Total Price.** Multiply the unit price by the quantity requested.

**(i) BLOCK 15I - Grand Total.** Place the total, or estimated total, value of column 15H in this block.

**(16) BLOCK 16 - Attachments.** Advise you attach pages for additional information; i.e., delivery schedules, preservation and packing instructions, shipping instructions, distribution of contract, or any other special instructions related to the RCP.

**(17) BLOCK 17 - Transportation Allotment.** If shipment is to be Free On Board (FOB) origin delivery, the chargeable transportation accounting data must be specified (see NAVSUP Manual, Volume II).

**(18) BLOCK 18 - Authorized Signature.** Type in the name and title of the authorizing official, and have this person sign and date the form when complete.

### **3. Point of Contact at FECD, FISC Yokosuka**

Contracting officers (Code 201.2; DSN 243-8404 or Code 201.21; DSN 243-7622) will assist your questions about completing a requisition, NAVCOMPT Form 2276.





## **CHAPTER II**

### **ADDITIONAL DATA TO SUPPLEMENT NAVCOMPT FORM 2276**

#### **1. Way to Describe Your Needs - Commercial Items**

10 U.S.C. 2377 requires that the Secretary or Defense ensure that, to the maximum extent practicable, when procuring supplies or services within the Department of Defense, the requirements be stated in terms of functions to be performed, performance required, or essential physical characteristics. Such requirements should be defined so that commercial items or nondevelopmental items (NDI) may be procured. The word "commercial" is being an integral part of the ongoing and future of the Government procurement, and the emphasis on buying commercial item is a matter of law, regulation and policy. Far 12.201(b) requires agencies to acquire commercial items or NDI when they are available to meet the needs of the agency. This section will provide you guidance to understand, process, and obtain commercial items successfully. See FAR Part 11 and DFARS Part 211 for further information on describing agency needs.

Commercial off-the-shelf (COTS) items and NDI are not synonymous. However, a NDI fits the FAR Part 2 definition of commercial item if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local governments. Commercial items shall be acquired using specifications that describe the item in terms of the performance required and the form, fit and function or other essential physical characteristics. Acquisition of commercial items and NDI encourages offerors to supply commercial items as much as possible, lessens costs, and reduces acquisition cycle, while obtaining the most advanced technology.

DoD has transitioned from reliance on military specifications and standards to widespread use of commercial item descriptions that include performance based statements of work and commercial specifications and standards. Military unique requirements are now the exception rather than the rule. Refer to Turbo SpecRight! on Internet at <http://www.acq-ref.navy.mil/specright> for obtaining assistance in developing performance-based specifications. The use of military specifications and standards is authorized as a last resort, with an appropriate waiver.



**Caution!** - The use of military specifications and standards when purchasing new systems, major modifications, or upgrades to current systems is only authorized when appropriate waivers have been granted. The most up-to-date information on DoN department-wide waivers is on the Internet at <http://www.acq-ref.navy.mil/waiv.html>.

## **2. What Is a Commercial Item?**



"Commercial items" are defined as follows (**FAR 2.101(b)**):

**a.** Any item, other than real property, that is of a type customarily used for nongovernmental purposes and that (1) has been sold, leased, or licensed to the general public, or, (2) has been offered for sale, lease, or license to the general public;

**b.** Any item that evolved from an item described in paragraph (1) above through advances in technology or performance and that is not yet available in the commercial marketplace, but will be available in the commercial marketplace in time to satisfy the delivery requirement under a Government solicitation;

**c.** Any item that would satisfy criterion expressed in paragraphs a. and b. above, but for (1) modifications of a type customarily available in the commercial marketplace, or, (2) minor modifications of a type not customarily available in the commercial market place made to meet Federal Government requirements. Minor modifications mean modifications that do not significantly alter the nongovernmental function or essential physical characteristics of an item or component, or change the purpose of a process. Factors to be considered in determining whether a modification is minor include the value and size of the final product. Dollar values and percentages may be used as guideposts, but are not conclusive evidence that a modification is minor;

**d.** Any combination of items meeting the requirements of paragraphs a., b., c., or e. herein that are of a type customarily combined and sold in combination to the general public;

**Information!** - When a commercial item and commercial service are mixed and matched, the outcome is a commercial item. For example, you purchase a computer package that includes the computer, software, training and repair and maintenance services, the package becomes a commercial item.

**e.** Installation services, maintenance services, repair services, training services, and other services if such services are procured for support of an item referred to in paragraphs a., b., c., or d. herein, and if the source of such services --

- (1) Offers such services to the general public and the Federal Government contemporaneously and under similar terms and conditions; and
- (2) Offers to use the same work force for providing the Federal Government with such services as the source uses for providing such services to the general public;

**Information!** - Services that are needed to support a commercial item are commercial items themselves if they are offered to both the public and the Government under similar terms and conditions and use the same workforce for employees to perform the services. For example, if the Government purchases a computer, the installation, maintenance, repair, etc. would also be commercial items as long as they comply with the qualifiers (1) and (2) above.

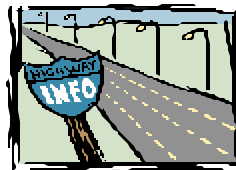
**f.** Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. This does not include services that are sold based on hourly rates without an established catalog or market price for a specific service performed;

**g.** Any item, combination of items, or service referred to in paragraphs a. through f., notwithstanding the fact that the item, combination of items, or service is transferred between or among separate divisions, subsidiaries, or affiliates of a contractor; or

**Information!** - A commercial item is still a commercial item if it meets all the parameters we have covered, even though it moves from one division of the company to another.

**h.** A NDI (item developed exclusively for governmental purposes by a Federal agency/local governments with which the U.S. has a mutual defense cooperation agreement), if the procuring agency determines the item was developed exclusively at private expense and sold in substantial quantities, on a competitive basis, to multiple State and local governments.

**Summary!** - The **two key elements** of commercial items are the capacity and capability of the commercial marketplace to meet the user's needs. Remember, the objective of emphasizing the use of commercial items is to obtain the best available product, at the best cost, and in less time.



For further guidance regarding definitions of commercial items, contact FECD (ext. 243-7622/8404).

**3. Market Research (FAR Part 10):** In order to purchase commercial items effectively, it is important for you to know the commercial marketplace through "market research." The supplies or services received are substantially dependent on the quality of the specification or statement of work (SOW) you provide to us. Market research is the key for you to determine whether your needs can be met by commercial items, or whether new development will be required, before you prepare a purchase request.

**a. Definition (FAR 2.101(b)).** "Market research" means collecting and analyzing information about the capabilities within the market to satisfy agency needs.

**b. Policy (FAR 10.001(d)).** Agency must -

- (1) Ensure that legitimate needs are identified and tradeoffs evaluated to acquire items that meet those needs; and
- (2) Conduct market research appropriate to the circumstances -
  - (a) Before developing new requirements documents for an acquisition by that agency;
  - (b) Before soliciting offers for acquisitions with an estimated value in excess of the simplified acquisition threshold (SAT);
  - (c) Before soliciting offers for acquisitions with an estimated value less than the SAT when adequate information is not available and the circumstances justify its cost; and
  - (d) Before soliciting CONUS offers for acquisitions that could lead to a bundled contract (FAR 2.101(b)).

**c.** Through market research, determine or ensure the following -

- (1) If sources capable of satisfying your requirements exist;
- (2) If commercial items or, to the extent commercial items suitable to meet your needs are not available, NDI are available that -
  - (a) Meet your requirements;
  - (b) Could be modified to meet your requirements; or
  - (c) Could meet your requirements if those requirements were modified to a reasonable extent;
- (3) Determine the extent to which commercial items or NDI could be incorporated at the component level;
- (4) The practices of firms engaged in producing, distributing, and supporting commercial items, such as terms for warranties, buyer financing, maintenance and packaging, and marking;

- (5) Maximum practicable use of recovered materials (FAR Subpart 23.4) and promote energy conservation and efficiency; and
- (6) Whether bundling is necessary and justified (FAR 7.107).

**Caution!** -- When conducting market research, you should not request potential sources to provide you more than the minimum information necessary. Refrain from telling the prospective offerors how to meet your requirements. FECD personnel are available to help you conduct market research or jointly conduct market research with your activity.



#### **4. How to State Your Requirements**

The supplies or services you receive are almost totally dependent on the quality of the purchase description, specifications, statement of work, or statement of objectives, that accomplishes your purchase request. The description, specifications, statement of work, or statement of objectives must be clear and precise not only to you, but also to the contract specialist who will buy the desired item, prospective contractors who will bid to provide the item, and the activity that will receive the supplies or services for the Government. Your request should (a) only include the Government's actual minimum needs, (b) describe the supplies and/or services in a manner designated to promote full and open competition, and (c) allow for the acquisition of commercial items or NDI when they are available to meet the needs of your command or the customer activity. There are several methods available for defining your requirement -

- **Purchase Descriptions**
- **Specifications**
  - Non-Government specifications and standards
  - Commercial item descriptions (CIDs)
  - Federal and military specifications and standards
- **Statement of Work**
- **Statement of Objectives**

**a. Purchase Descriptions.** A purchase description sets forth the essential physical and functional characteristics of the supply or service required. Examples of physical and functional requirements include -

- Common nomenclature
- Kind of material
- Electrical data, if any

- Dimensions, size, or capacity
- Principles of operation
- Restrictive environmental conditions
- Intended use

**Caution!** - Purchase descriptions should **NOT** be written to specify a product or particular feature of a product peculiar to only one manufacturer, thereby precluding consideration of a product manufactured by another company, unless it is determined, in writing (e.g., sole source justification), that particular features are essential to meeting the Government's minimum needs and that similar products do not have these features.



A purchase description may describe requirements in several ways, using "performance," "design," or "brand name or equal" specifications, as appropriate -

(1) **Performance** descriptions set forth performance characteristics of the required item. In such descriptions, design measurement and other details are **NOT** stated as they will be restrictive in competition. The contractor accepts responsibility for design, engineering, and the achievement of the stated performance characteristics.

When you prepare your performance specifications, **state requirements in terms of -**

- (a) Functions to be performed (*What functions?*)
- (b) Performance required (*How well?*)
- (c) Essential physical characteristics (*In what environment?*)

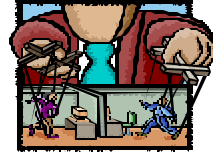
**and define requirements in terms of -**

- (d) Encourage commercial items (first choice); or
- (e) Nondevelopmental items (second choice.)

### Sample

#### **RESTRICTIVE**

Motor, electric, 117 VAC, 60Hz, single phase, open drip proof; 5-1/4 HP; frame size 215, rotation CCW, single shaft ball bearing, continuous duty, 50 PC ambient temperature operation 1800 RPM dimensions; 12 1/8" diameter of housing, length 15". Mounting: 4 screws centered on 3-13/32" radius circle, equally spaced. Weight 24 pounds. With 32" connection wire sheathed in CRES 306 Bombay, Inc., protective flexible covering 1/16" thick.



### **NON-RESTRICTIVE**

Motor, electric, 117 VAC, 60Hz, single phase, open drip proof; **minimum** 5 HP; frame size 215, rotation CCW, single shaft ball bearing. Continuous duty, 50 degree C ambient temperature operation: **1700-1900** RPM. **Maximum** dimensions 2ft. by 2 ft. by 2 ft. **Maximum** weight 35 pounds. With **at least** 30" connection wire, flexible **metal** sheathed covering **at least** 1/16" thick.



**Important!** -- Allow maximum and/or minimum dimensions as much as possible.

**Important!** -- Incomplete or missing data leads to delays/cancellations or receipt of supplies and services, which do not meet your needs.

(2) **Design** descriptions set forth precise measurements, tolerances, materials, tests, quality control, inspection requirements and other specific information. **Under this type of specification, the Government is responsible for the design and is, therefore, also responsible for omissions, errors, and discrepancies in the specifications and drawings.**

A detailed-design document tells the contractor what the requirements are and how to meet them. Telling people **how to do** something takes volumes while killing innovation and creativity. As opposed, telling people **what you want an item to do** takes fewer words and allows them to use their ingenuity to satisfy your need. However, sometimes a detailed-design document is required. A good example is the Presidential Seal. The specifics of color, size, symbol, material, etc., have to be stated in detail to meet the need.

In preparing a design description, identify specific design characteristics, such as -

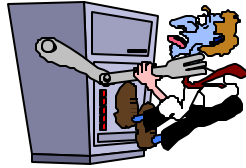
- precise measurements
- tolerances
- materials
- tests/quality control

Additionally, the Government provides drawings.

### **Sample**

## **INCORRECT**

Hydraulic actuator, drawing SS845-218073



## **CORRECT**

Hydraulic actuator, two-position, 180 degrees rotation; 31,000 inch-pounds maximum torque; NAVSHIPS (BUSHIPS) drawing SS845-2180730, revision B (enclosed/attached). If aluminum alloys are used as part of the pressure containing envelope of the actuator required hereunder, the aluminum alloy 6061-T6 shall have design adequacy verified by stress analysis. Stress analysis shall include fatigue analysis with a minimum of 50,000 cycles from 3,000 psi to 50 psi back to 3,000 psi. Three (3) copies of the stress analysis shall be forwarded for approval to -

Contracting Officer  
Navy Field Contracting Activity  
Address

Calculated compressive or tensile stress (using applicable stress concentration factors) in excess of 17,000 psi shall be cause for rejection of design.

If aluminum alloys are used as described above, the alloy shall conform to Aluminum Alloy, Forging, Heat Treated, Federal Specification MIL-A-22771B(ASG) dated 18 September 1984, with Amendment 1 thereto dated 23 February 1986, Alloy 6061-T6 (mechanically stress relieved temper.)



(3) Generally, the "minimum acceptable" competitive purchase description is the use of **brand name or equal** description. Brand name or equal is intended to be descriptive, not restrictive. This type of description should be used to provide the characteristics and the level of quality that will satisfy the Government's minimum needs. The item is identified by including names of representative manufacturers' products or brands with applicable catalog numbers/dates/pages, followed by the words "or equal" so as not to limit competition to the particular products or brands named. If multiple manufacturers' products will reasonably meet your needs, all such products should be identified. These purchase descriptions must state the minimum

essential requirements and specific salient physical, functional and other features necessary to meet your needs. The reason for this is to permit products that you did not specifically name to compete for the requirement.



**Caution!** - The use of this purchase description, formerly in common use to acquire commercial items, is prohibited for requirements over the SAT (currently \$100,000) since it tends to discourage industry from offering alternative solutions. Exceptions to this policy must be submitted to ASN(RD&A)ABM for approval. Approval will normally be considered only if supported by market research identifying at least two acceptable brand name products.

**b. Specifications and Standards.** It is a DoD policy that in the selection of specifications and standards preference be given to using commercial practices and non-government specifications/standards. The use of military specifications and standards is authorized as a last resort, with an appropriate waiver.

**Caution!** - The use of military specifications and standards when purchasing new systems, major modifications, or upgrades to current systems is only authorized when appropriate waivers have been granted. The most up-to-date information on DoN Department-wide waivers is on the Internet at <http://www.acq-ref.navy.mil/waiv.html>.

**(1) Non-Government Specifications and Standards.** Standardization documents developed by private sector associations, organizations, and technical societies which plan, develop, establish, or coordinate standards, specifications, handbooks, or related documents.

**(2) Commercial Item Description (CID).** A simplified product description or specification that describes by salient functional or performance characteristics the available, acceptable commercial products that will satisfy the Government's needs. CIDs are prepared under guidelines issued by the General Services Administration, Federal Supply Service and are listed in the DoD Index of Specifications and Standards. CIDs are useful in adding definition to and augmenting non-government standards, which are not sufficiently definitive for procurement use.

**(3) Federal and Military Specifications and Standards.** When material is requested in accordance with Military or Federal Specifications, all information called for under "Ordering Date," generally paragraph 6.2 of the specification, must be furnished. If the required material needs conform only in part to an existing specification, the exact deviation must be stated and the following statement added -



"Except as specifically covered by the (above/below) stated requirements, the material will be in strict accordance with specification (number and date)."

**(4) Federal Specifications and Standards.** Federal specifications and standards should be used where it is determined that a commercially available material, product, process, procedure, practice, or method exists, but specific design, performance, interface, or other essential characteristics cannot be adequately described by a non-government standard or CID.

**(5) Military Specifications.** Documents prepared specifically to support acquisitions which clearly and accurately describe essential technical requirements for systems, subsystems, items, materials, or products that are intrinsically military in character or are used in, or in support of, weapon systems and involve an essential system function or interface. Military specifications are listed in the DoD Index of Specifications and Standards.

**Caution!** - Military specifications should **only** be used **when** non-government specifications, CIDs, or Federal specifications are not available or inappropriate.

**(6) Military Standards.** Military standards are documents, which establish engineering and technical requirements for processes, procedures, practices, and methods that have been adopted as standard military practice. Military standards are listed in the DoD Index of Specifications and Standards.

**Caution!** - Military standards should **only** be used **when** non-government standards and Federal standards are not available or inappropriate.

**c. Statements of Work.** A statement of work (SOW) is used to describe requirements **for services, and research and development efforts**. There are several key precepts to follow in preparing a SOW. The SOW should be as clear and brief as possible, written in plain English, and free of ambiguity and internal inconsistency. **"Performance based" contracting is becoming the rule, rather than the exception, in Navy contracting.** It should be "performance based," meaning the Government should tell the contractor what to do, but not how to do it. Statements of Objectives (SOO) may be utilized to convey the required outcome of contract performance, with the contractor subsequently preparing the SOW from the SOO. Hints for writing a performance-based SOW are available on the Internet at <http://www.acq-ref.navy.mil/turbo/34.html>.



The OFPP has established the following checklist for drafters of **performance based service acquisition (PBSA)** SOW -



### MINIMUM MANDATORY PBSA REQUIREMENTS

- (1) **Performance requirements** that define the work in measurable, mission-related terms.
- (2) **Performance standards** (i.e., quality, quantity, and timeliness) tied to the performance requirements.
- (3) A **Government quality assurance (QA) plan** that describes how the contractor's performance will be measured against the performance standards.
- (4) If the acquisition is either critical to agency mission accomplishment or requires relatively large expenditures of funds, **positive and negative incentives** tied to the Government QA plan measurements.

### ADDITIONAL PBSA COMPONENTS

- (5) An historic workload analysis is performed, or the workload is estimated if historic data is unavailable, to aid in determining the performance requirements and standards, Government QA plan, and incentives.
- (6) The solicitation and contract/task order convey a logical, easily understood flow among performance requirements, performance standards, Government QA plan, and performance incentives.
- (7) Process-oriented requirements (e.g., job descriptions, education requirements, level-of-effort) and reports are eliminated to the maximum feasible extent.
- (8) Government QA performance evaluators assigned to assess contractor performance are trained in PBSA.
- (9) Commercial and/or industry-wide performance standards, where available, are relied upon.
- (10) The marketplace and other stakeholders are provided the opportunity to comment on draft performance requirements and standards, the Government QA plan, and performance incentives.
- (11) If the size of the requirement justifies the resource expenditures, potential offerors are given the opportunity to learn more about the "as is" operation to facilitate their ability to develop intelligent proposals. (The customer activity may at least offer a site visit for prospective offerors.)
- (12) The contract or a task order is fixed-price.
- (13) The contract or a task order is completion type (vs. term type or level-of-effort).
- (14) Multiyear contracting authority is used where available and authorized.
- (15) Experience and lessons learned from predecessor acquisitions are used to convert recurring requirements to PBSA.

## Sample

### CLASSICAL "HOW-TO" SOW

The Contractor shall cut the grass once a week from 1 April through 31 October 2001 using Snapper lawn mowers.



### PBSA SOW

The Contractor shall mow periodically to maintain grass at a height of 2" to 3" with a uniform appearance.



**Information!** - Drafters for PBSA SOW may find more samples on the Internet at [http://www.acq-ref.navy.mil/turbo2/index\\_nn.html](http://www.acq-ref.navy.mil/turbo2/index_nn.html) (Performance-Based Service) and [http://www.abm.rda.hq.navy.mil/sc\\_guide/sow.html](http://www.abm.rda.hq.navy.mil/sc_guide/sow.html).

Customer activities may find it simpler to prepare a PBSA SOW for a new requirement, vice converting an old "how to" SOW for a follow-on requirement. For the new requirement, merely draft a brief document that clearly states the required outcome in measurable terms. However, conversion to a PBSA SOW is necessary for follow-on requirements, but this is likely to invoke an emotional debate. Arguments for not making the conversion will likely include: "We have done it the old way for 20 years. The old way is good enough. We don't have time to make the conversion to PBSA. We cannot afford to convert to PBSA. I don't want to take the risks associated with the conversion. Our customers are satisfied with the status quo. Etc. Etc." **In the present environment the simple truth is that you cannot afford not to make the conversion; it is not difficult; and there is less risk with a PBSA SOW.**

The following services have been acquired successfully, frequently and historically by agencies using PBSA methods (fixed-price contracts should be the rule when contracting for these services) -

### Nontechnical ("Blue Color")

- Security
- Laundry
- Grounds maintenance
- Facility maintenance
- Equipment repair

- Administrative and clerical support
- Computer maintenance
- Aircraft maintenance and test range support
- Medical

A briefing presented by the Office of the Deputy Under Secretary of Defense (Acquisition Reform) cites the following advantages of PBSA, any one of which fully justifies making the conversion -

- Improved contractor performance
- 15%(+) potential cost savings
- Principles of innovation and streamlining
- Cadre of dependable partners
- Better understanding of objectives
- Greater problem solving creativity
- Less controversy



**d. Statement of Objectives (SOO).** This statement is used in solicitations in lieu of a SOW and allows maximum flexibility to offerors to design and improve their own approaches for satisfying Government objectives. Its content is typically product-oriented and very streamlined. While clearly reflecting all essential operation requirements, it does not give direction on how to accomplish the objectives. The SOO is the common basis for offeror prepared, detailed SOW submitted as a part of their proposals. SOOs are relatively short in length, since they eliminate virtually all "how to" directions. This flexibility will frequently result in significant differences in offeror proposals, and consequently proposal evaluation may be more intensive and longer than normal.

**5. Contract Data Requirements List (CDRL)(DD Form 1423):** This form should be used whenever deliverable data is to be provided under the contract. When this is applicable, the customer activity is required to complete and attach to a purchase request. However, the form is not required for commercial data items to be delivered concurrently with equipment/supplies.

#### **Examples of data items**

- (1) Commercial manuals
- (2) Parts lists
- (3) Report of test results
- (4) Drawings
- (5) Calculations
- (6) Technical manuals
- (7) Maintenance manuals
- (8) Computer software

**6. DOD Industrial Plant Equipment (IPE) Requisition (DD Form 1419) Certificate of Nonavailability:**

Any RCP for new industrial plant equipment that has an acquisition cost of \$15,000 or more must be accompanied by a DD Form 1419 signed by the appropriate representative of the Defense Industrial Plant Equipment Center (DIPEC). This form certifies that no similar idle equipment is available with DOD to satisfy your requirements. If the form cites a MILSPEC, then that MILSPEC must be referenced in the specifications that form a part of your total purchase request. Management of metalworking machinery and equipment (Federal Supply Group 34) IPE has been assigned to the Defense General Supply Center (DGSC) in Richmond, VA.

**7. First Article Approval and Lot Acceptance Test Units:** First article approval is generally used in contracts for large quantities of specially designed items and when absolutely necessary. If a first article provision is appropriate, specify whether the Government or the contractor should perform first article testing. If the Government does the testing, estimate the cost of testing and submit this information to the contracting office for evaluation purposes. If the contractor does the testing, the cost of testing should be included in the estimated unit price. State whether or not the first article will be destroyed during testing, and if not, specify disposition instructions. Also specify test requirements and the date a test report is due. If lot acceptance tests units are required, specify how many, whether or not they will be destroyed during testing, and if not destroyed, whether they will be considered part of the total requirement. Specify test requirements and the date a test report is due.

**8. Qualified Products List (QPL):** To determine if a product will meet specification requirements, the Military or Federal specification of the requested item will indicate whether that item has a QPL or not. A full listing of QPLs is found in the DOD Index of Specifications and Standards. If the required item has a QPL, supply the QPL number and date, and the names and addresses of all qualified firms.

**9. Required Approvals for and Regulations Pertaining to Specific Commodities and Services**

**a. Products subject to the Trade Agreement Act.** When the items are listed in DFARS 225.403-70 and the value is over the certain threshold that is currently \$177,000 and revised annually, the procurement action must be synopsisized in the Commerce Business Daily (CBD). The synopsis procedure takes at least 60 days and must be taken into account in the RDD.

**b. Required approval pertaining to specific commodities and services.** Some items/services require special approval documents. Some samples of documents required are as follows:

- (1) UNICOR waiver for furniture
- (2) Approval from DIPEC

**Important!** -- Special approval documents are not limited to the above items. Other items/services may require different special approvals. Contact FECD for more information.

**10. Shipping Instructions:** Provide complete shipping information and instructions, preservation and packing instructions, and instructions concerning the distribution of the resulting contract(s) and related documents.



Without instructions to the contrary, the contracting officer will designate the most economical form of transportation for handling and shipment. Normally, premium transportation (air freight, air express, etc.) will be used only when the material is required at its destination before a specific date which could not otherwise be met, or when the customer activity specifically requires, with supporting justification, some form of premium transportation. If the customer activity has to require specific packing, packaging, and/or preservation in preparation of shipment, identify them with applicable specifications or standards.

**11. Place of Inspection and Acceptance:** Specify whether inspection and acceptance will be at "source" or "destination." If preliminary inspection at source, with final acceptance at destination, is requested, the preliminary inspection procedures must be specified. (See FAR 46.402 for "at source" and FAR 46.403 for "at destination.")



**12. Warranties (FAR Subpart 46.7/DFARS Subpart 246.7):** If the items are commercial products, a warranty for a one-year period is normally given and the cost of warranty is built into the price. Therefore, you do not have to request the inclusion of a warranty. If the items are other than commercial products and you want a warranty, you have to justify why a warranty is required. Warranty costs additional expense. The justification must discuss the following factors:

- a. Nature and use of the supplies or services,
- b. Warranty cost,
- c. Ability of the government to enforce the warranty, and
- d. Whether or not warranty of the item is trade practice.

**13. Use of Government Furnished Property (FAR Subpart 45.3/DFARS Subpart 245.3):** If the contractor will be authorized to use any Government furnished property (GFP)(e.g., materials, facilities, special tooling, special test equipment, and services), the customer activity is required to identify a detailed listing of the property for the contemplated acquisition, including the time

and value for the GFP to be provided to the contractor, in the purchase request.

**14. Option Requirements (FAR Subpart 17.2/DFARS Subpart 217.2):** Option provisions in a contract give the Government the unilateral right, during a specified period of time, to purchase additional quantities of the supplies or services required under the contract, to extend the period of contract performance, or to convert from a lease or rental to a purchase. The need for, or advisability of, including option provisions must be fully explained.

Normally, option quantities shall not exceed 50% of the initial quantities. If the desired option quantity exceeds the 50% limitation, sufficient justification must be provided with RCP for the contracting officer to make a necessary determination and properly document the file.

If option provisions are to extend the term of contract, each option shall not exceed 12-month period and the total duration of contract shall not exceed five (5) years.

**15. Quality Assurance Requirements (FAR Part 46/DFARS Part 246):** FAR Part 46 contains guidance on the quality function and should be referred to if any special quality assurance measures are to be included in the requisition. Specify if ISO 9000's series is to be used. If mandatory inspection is required, so state and furnish the mandatory inspection instructions that will be furnished to the inspecting activity. If special instructions are necessary, specify the name, code, and phone number of the individual who will furnish the information, unless the individual is the same person identified as the technical contact in Block 10 of NAVCOMPT Form 2276.



**16. Prior Contracting History:** Provide available contracting history including prior contract numbers and the names of prior contractors. Provide performance information on prior contractors, if available, regarding timeliness of deliveries, quality assurance problems, etc.

**17. Acquisition Plans (FAR Part 7/DFARS Subpart 207.1)**

**a. General.** The Acquisition Plan (AP) is the documented results of advance acquisition planning. The purpose of this planning is to ensure that the Government meets its needs in the most effective, economical, and timely manner. The AP shall address all technical, business, management, and other significant considerations that will affect the acquisition, in accordance with the AP requirements set forth in FAR 7.105. The specific content of each plan will vary, depending on the nature, circumstances, and phase of the acquisition. To minimize the administrative burden, common acquisition strategy paragraphs from the Acquisition Strategy Report should also be used for the AP.

**(1) Acquisition Planning.** Pursuant to DFARS 207.103 (<http://www.acq.osd.mil/dp/dfars/dfars/dfars.html>) and Chapter 1 of the "DoN Acquisition Planning Guide," APs are required for the following acquisitions -

(a) All ship construction programs and capital ship Service Life Extension Programs (SLEPs).

(b) Acquisitions for development, as defined in FAR 35.001, when the total cost of all contracts for the acquisition program is estimated at \$5,000,000 or more.

(c) Acquisitions for production or services when the total cost of all contracts for the acquisition program is estimated at \$30,000,000 or more for all years or \$15,000,000 or more for any fiscal year.

(d) Foreign Military Sales (FMS) requirements, when the dollar thresholds above are met by either FMS alone or by combined United States and FMS requirements.

(e) Information Technology (IT) Resources managed under the current version of SECNAVINSTs 5000.2(series), with acquisition costs meeting the following thresholds -

- i. Commercially available IT equipment or IT software whose total contractual cost is estimated at \$5,000,000 or more for all fiscal years.
- ii. IT services or IT support services whose total contractual cost is estimated at \$30,000,000 or more for all fiscal years, or \$15,000,000 or more in any one year.

(f) Any other acquisition as designated by the Assistant Secretary of the Navy (ASN) or higher authority.

**(2) Exemptions.** Pursuant to NAPS 5207.103(c)(ii) (<http://www.abm.rda.hq.navy.mil/nap1.html>), APs are not required for the following acquisitions -

(a) Military construction.

(b) Commercial items sold in substantial quantities to the general public (this exemption does not apply to IT resources.)

(c) Spare and repair parts.

(d) Items of supply which are managed on a national basis where requirements are computed in accordance with established DoD/DoN inventory management policy or regulation.

(e) Overhaul and/or modification of naval vessels, small vessels and crafts (including Military Sealift Command vessels/crafts), and material kits in support of such effort.



- (f) Overhaul and/or modification of engines.
- (g) Operation and maintenance of weapon test or training ranges.
- (h) Ocean towage.
- (i) Commercial Activities.
- (j) Architect-engineer services for facilities construction.
- (k) Major station maintenance and repair.
- (l) Component overhaul, maintenance, and repair at the depot, intermediate or organizational levels.
- (m) Final buy out or one time buy which refer to a single contract which covers all known present and future requirements, for which funds are currently available.



**Important!** - The exemption from an AP does not apply to multiyear contracts or contracts with options or phases.

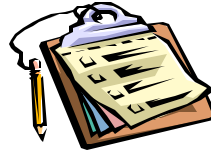
**(3) AP Approval.** APs shall be approved by cognizant HCAs, PEOs, or DRPMs, or their designees. In addition to the approval signature, the APs shall be signed by the cognizant APM, Procuring Contracting Officer (PCO), and Chief of the Contracting Office.

For APs prepared by a Naval Supply Systems Command (NAVSUP) field contracting activity, the program manager from the activity in which the requirement originated shall provide the APM signature and NAVSUP or designee shall provide the HCA approval signature.

An approved Acquisition Strategy Report (ASR) must be identified in order to obtain AP approval for Acquisition Category (ACAT) programs. DODI 5000.2 (Part 11, Section D) states that the AP "cannot be approved until the Acquisition Strategy Report has been approved by the milestone decision authority." A copy of the approved AP must be furnished with each J&A submitted for ASN(RD&A)/Deputy APIA approval.

**(4) Distribution.** A copy of the AP is to be distributed to each signatory after approval.

**(5) Preparation.** For preparation, see attachment (11) of NAVSUP P-547, par 2.2 through 2.10 and also appendix A (<http://www.nll.navsup.navy.mil/nll/getdata.cfm>).



**18. Source Selection Processes (FAR Subpart 15.1):** An agency can obtain best value in negotiated acquisitions (large contracting) by using any one or a combination of source selection approaches. In different types of acquisitions, the relative importance of cost/price or non-cost/price may vary; in acquisitions where the requirement is clearly definable and the risk of unsuccessful contract performance is minimal, cost or price may be a dominant role in source selection. The less definitive the requirement, the more non-cost/price considerations (e.g., technical capability and past performance) may play a dominant role in source selection. To conduct meaningful evaluations and negotiations, evaluation criteria should describe specifically how the proposals will be evaluated. Based on the customer activity's information of evaluation factors and significant subfactors with their relative importance, FECD will prepare a source selection plan (SSP).

**Caution!** - For acquisitions of commercial items, FAR 12.602 discusses **streamlined evaluation** procedures. The simplest evaluation process for commercial items may be the "lowest price with acceptable past performance (LPw/APP)." When using the simplified acquisition procedures in FAR Part 13, the solicitation does not have to describe the relative importance of evaluation factors.

In best value source selection processes, there are two basic processes available -

**a. Tradeoff Process (FAR 15.101-1).** When it may be in the best interest of the Government to consider award to other than the lowest priced offeror or the highest technically rated offeror, this process is appropriate. In applying this process, the customer activity must identify the following information in the purchase request -

- All evaluation factors and significant subfactors that will affect contract award and their relative importance. (This information shall be clearly stated in the solicitation as well as the SSP.)

The solicitation shall state whether all evaluation factors other than cost or price, when combined, are significantly more important than, approximately equal to, or significantly less important than cost or price.

**b. Lowest Price Technically Acceptable (LPTA) Source Selection Process (FAR 15.101-2).** When best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price, this process is appropriate. In case of this evaluation process is selected, the customer activity must identify the following information in the purchase request -

- The evaluation factors and significant subfactors that establish the requirements of technical acceptability. (This information shall be clearly stated in the solicitation as well as the SSP.)

**19. Justification for Sole Source and/or Urgent Purchase:** Contracting regulations mandate competition for all procurements to the maximum extent possible. If you wish to limit competition for the proposed acquisition exceeding the SAT (currently \$100,000) to one (sole source) or to few (urgency) particular source(s), you are required to complete the written Justification and Approval for Other than Full and Open Competition/or Urgent Purchase in accordance with this guide as well as FAR Subpart 6.3 (<http://www.arnet.gov/far/>)/NAPS Subpart 5206.3 (<http://www.abm.rda.hq.navy.mil/nap1.html>)/NAVSUPINST 4200.83(series) Encl (1) (<http://www.nll.navsup.navy.mil/nll/getdata.cfm>).



**a. Sole Source**

(1) Provide a brief explanation as to why procurement must be limited to a single unique source.

(a) If drawings/specifications are proprietary, explain why they are proprietary.

(b) Explain why drawings/specifications sufficient for full and open competition are not available.

(2) Explain why the Government cannot develop competitive specifications.

(a) Insufficient time - specify length of time required to develop specifications.

(b) Cost too great - identify cost of labor and time needed.

(c) Lack of ability - no technical personnel or equipment

(3) Address what is being done to ensure that future buys will be competitive.

(a) By developing specifications; and

(b) If specifications are not being developed, explain why not.

(4) Identify the extent of your market research to locate potential sources.

**b. Urgency**

(1) Provide a brief explanation as to why the procurement must be processed on an urgent basis. In order to establish urgency, it must be shown that the Government will be harmed if the required delivery date (RDD) is not met.

(2) Establish a reasonable RDD after which damages will begin to accrue.

- (3) Identify damages or impacts if required delivery is not met.
- (a) Dollar cost to the Government on a daily basis.
  - (b) Impact on safety, national security or mission objective.
- (4) Specify only the minimum quantity required under urgency (additional quantities can be obtained under normal full and open competition procedures).
- (5) Provide a time line, leading to submittal of the procurement request.
- (a) When was problem/need first identified?
  - (b) What has been done about it since?
- (6) Identify at least three (3) reliable sources that can provide the supplies/services (if possible).

**Important!** -- Inadequate planning and/or administrative delays do not justify urgency nor does expiration or lack of funding justify urgency.



**c. Justification and Approval (J&A)(FAR 6.303)**

Every J&A must include the following information headings -

- (1) Identification of agency and contracting activity.
  - (2) Nature/description of action.
  - (3) Description of supplies/services.
  - (4) Identification of statutory authority.
- (a) **Sole Source 10 U.S.C. 2304(c)(1).** Provide an in-depth description of the contractor's (i.e., the original equipment manufacturer's) unique qualifications or rationale for the sole source procurement.
  - (b) **Urgency 10 U.S.C. 2304(c)(2).** Describe the compelling nature of the urgency and how a full and open competition will harm the Government, including estimated monetary and mission damage. Also, state why the urgency could not have been prevented by advance planning. State when the need was identified, and explain the time line or the delays between need identification and the date the requisition was submitted.

- (5) Demonstration of contractor's unique qualifications (in case of "urgency," the nature of the acquisition requires use of the authority cited).
- (6) CBD announcement/potential sources.
- (7) Determination of fair and reasonable cost.
- (8) Description of market survey.
- (9) Any other supporting facts.
- (10) Listing of interested sources.
- (11) Actions taken to remove barriers to competition.
- (12) Statement of delivery requirements.
- (13) Total estimated dollar value of the acquisition covered by this J&A, with funding specified by year and appropriation.
- (14) Reference to the approved Acquisition Plan (AP).
- (15) Documentation for spare/repair parts acquisitions.

**20. Pre-award Surveys (FAR 9.106):** The nature of some items make a pre-award survey of prospective contractor's production and quality control capabilities advisable. If pre-award survey is conducted, customer activity's participation may be requested.

**21. Service Contract Documentation:** Service contracts include the following: Technical representative services, maintenance, and overhaul/repair services. The following documentation and supporting rationale is required -

**a. Documentation Form for Contract Administration Plan (CAP).** A CAP is required when (1) a Contracting Officer's Representative (COR) is to be appointed under the contract in accordance with NAVSUPINST 4205.3(series), (2) the customer activity will be delegated authority by the PCO to perform specific duties or significant tasks related to contract administration (e.g., property administration) other than inspection and acceptance. NAVSUPINST 4330.7(series) provides the "Documentation Form for Contract Administration Plan" to identify the specific areas of the proposed contract effort where specific expertise is required to ensure quality, satisfactory performance, and successful contract completion.

**b. Contracting Officer's Representative (COR)**

**(1) General.** COR is required for any delivery/task order type contract with other than firm fixed price terms or when technical expertise/guidance must be provided to the contractor during performance. The primary role of the COR is to provide technical clarification and to monitor contract performance. The COR must be technically knowledgeable in the areas of performance covered by the contract. The COR does not have the authority to take any action, either directly or indirectly, that could change the price, quantity, scope, delivery schedule, or other terms and conditions of the contract. Only the contracting officer has the authority to make such changes.

**(2) Training.** Individuals nominated to perform COR duties must have completed NAVSUP approved COR training prior to performance. Additionally, the Federal Acquisition Institute offers COR training on-line at no cost. The web address is "<http://www.faionline.com/>."

**(3) Nomination of COR.** The COR shall be nominated by the customer activity Commander/Commanding Officer or designee. Customer activities are required to provide a COR nomination letter, which must contain the following

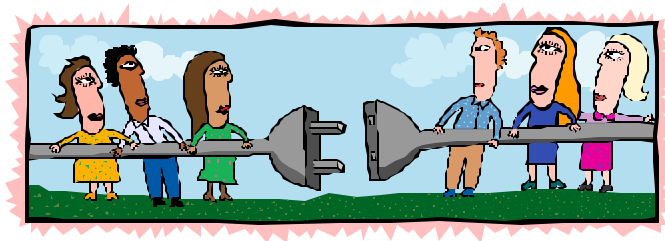
- (a) Contract Number;
- (b) Name of individual;
- (c) Nominee's technical qualifications and experience;
- (d) Nominee's technical functions to be performed;
- (e) The date when NAVSUP approved COR training was received;
- (f) Whether the individual's performance rating elements include the COR function or not (if not, an explanation of why not);
- (g) Individual's activity and code;
- (h) Phone number; and
- (i) FAX number.

Additional guidance and information can be found in NAVSUPINST 4205.3(series).

**(4) Monitoring of COR.** The contracting officer will monitor the COR's performance. The monitoring requirements, including a review of the COR's files and performance, are the responsibility of the contracting activity.

## **22. Point of Contact at FECD, FISC Yokosuka**

General Contracting Branch -- ext. 243-7622/8404.





## **CHAPTER III**

### **INFORMATION TECHNOLOGY (IT) ACQUISITION**

**1. Introduction:** The procurement of information technology (IT) resources a little bit differs from other procurement. These differences demand special attention in the preparation of purchase requests for IT resources. This guide provides the current policy, references, definitions, contracting authority, procedures, and techniques peculiar to procurement of IT resources.

The Navy-Marine Corps Intranet (NMCI) contract was awarded on 6 October 2000 to provide IT services to over 350,000 desktops throughout the DoN. An electronic version of this contract is available on the Internet at <http://nmci.spawar.navy.mil/>. To ensure a smooth transition to NMCI and prevent the acquisition of duplicative IT hardware, software or services, the ASN(RDA) has issued a significant change to IT procurement policy. As a result, most IT purchase requests in excess of \$25,000 must be screened and approved by a Flag Officer or Senior Executive Service (SES) member in the customer activity's chain of command prior to submission to the contracting activity. OCONUS activities are included in this requirement. (Refer to a form of the "Worksheet for Reviewing IT Purchase Requests in Excess of \$25,000" as shown in paragraph 4, Approval, below.)



**Special Note for OCONUS Customer Activities!** - NAVSUPSYSCOM (a Head of Contracting Activity) submitted a request for a waiver from the review and approval process for OCONUS requirements until FY2003 to ASN(RDA) on 27 November 2000.

NMCI rollout for OCONUS activities is currently scheduled to commence in FY2003. Accordingly, OCONUS activities will be directed to incorporate an exit strategy for any FY2002 IT procurement. This strategy will address the impending NMCI implementation in FY2003 to minimize any potential termination costs.

**Caution!** - Unless the proposed waiver described above was disapproved, FECD processes the acquisition of IT resources in accordance with the guidance set forth herein.

#### **2. Acts and Regulations Applicable to IT**

**a. Information Technology Management Reform Act (ITMRA).** The ITMRA (P.L. 104-106) describes the policies, definitions, and procedures of acquisition of IT resources. The General Services Administration (GSA) abolished the former applicable regulation, the Federal Information Resources Management Regulation (FIRMR), effective 7 August 1996. The ITMRA became effective 8 August 1996.

**b. SECNAVINST 5000.2(Series), Life Cycle Management (LCM) Policy and Approval Requirements for Information System (IS) Projects.** This instruction provides guidance for managing IS projects which use computer resources, word processing, data communication, and other automatic resources. It continues in effect regarding LCM program approvals and policy. A revised, streamlined approval process has been developed, according to ASN(RD&A)'s memo dated 14 August 1996. This document is available for viewing in its entirety on the Internet at <http://neds.nebt.daps.mil/5000.htm>.

**c. Other Regulations and Policies.** Set forth in FAR Part 8.4 and 39, and NAVSUPINST 4200.81(series)(Internet address at <http://www.nll.navsup.navy.mil/nll/getdata.cfm>), enclosure (4). In addition, the instructions issued by the individual customer activity for the acquisition of IT resources may apply to the proposed IT procurement.

### **3. Definitions**

**a.** IT is defined as follows:

(1) Any equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the Executive agency, i.e., Department of Defense, Department of Army, Department of Navy, and Department of Air Force. For purposes of the preceding sentence, equipment is used by an Executive Agency if the equipment is used by the Executive Agency which (a) requires the use of such equipment, or (b) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product.

(2) Computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.



(3) Notwithstanding subparagraphs (1) and (2), the term "information technology" does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract.

**b.** National security system (NSS) IT is briefly defined as IT which involves such as intelligence activities, cryptologic activities related to national security. The NSS does not include a system that is to be used for routine administrative and business applications (including payroll, finance,



logistics, and personnel management applications). Acquisition of NSS IT shall be conducted in accordance with 40 U.S.C. 1412. The FAR Part 39 does not apply to the acquisitions of IT for NSS.

#### **4. Approval**

**a. NMCI-Related Approval.** As described in paragraph 1 above, OCONUS customer activities will NOT be required to submit the following "Worksheet for Reviewing IT Purchase Requests in Excess of \$25,000" unless the NAVSUPSYSCOM's request to waive the IT review and approval process until FY2003 is disapproved by ASN (RDA) -

### **WORKSHEET FOR REVIEWING IT PURCHASE REQUESTS IN EXCESS OF \$25,000**

**Ref: (a)** ASN(RDA) memo of 19 Oct 00

1. IT hardware, software, or services specifically excluded from Flag or SES level review:

- ☐ Local voice services until FY2003
- ☐ For Top Secret or compartmentalized information
- ☐ Involves cryptologic related activities as they relate to national security systems
- ☐ Computer resources, both hardware or software, that are part of, dedicated to, and essential in real time to the mission performance of weapons systems or a shipboard system related to the IT-21 effort.  
(Note: Embarkable/deployable workstations, portable computers, laptop computers, etc. are not included in this exemption.)

**NOTE:** If the purchase request falls into one of the categories listed above, check the exclusion that applies, sign below, and submit with the purchase request. If the purchase request does NOT fall into one of the excluded categories, please proceed to paragraph 2.

**Name/Title of Person Claiming Exemption:** \_\_\_\_\_

2. If the IT purchase request does not fall into one of the excluded categories listed in paragraph 1, a review must be conducting prior to submitting it for procurement action. Reference (a) states that any delegation of authority to conduct these reviews shall be limited to individuals at the Flag or SES level. To award a contract for IT hardware, software, or services in excess of \$25,000, review must verify that the purchase request falls into one of the following categories:

- ☐ Purchase request is for IT capabilities that are unavailable under NMCI. NMCI contract information at <http://www.contracts.hq.navsea.navy.mil.nmci/>.

- ☐ The specific hardware, software, or IT services are essential to the successful execution of a command or program initiative and is clearly needed before it can be delivered under the NMCI contract. The NMCI contracting officer, Ms. Ellen Pollen ([polene@spawar.navy.mil](mailto:polene@spawar.navy.mil), 619-524-7388) must verify that the contract delivery schedule cannot be modified to accommodate the need.
- ☐ The requirement is for IT services for which the period of performance will expire before the requiring activity transitions to NMCI (or within a reasonable time thereafter, as agreed to by the NMCI government management office and the requesting official).

**Review Authority:**\_\_\_\_\_ **Date:**\_\_\_\_\_

**b. LCM Approval.** The customer activity is responsible to ensure that the use of the existing federal resources through sharing (Hardware) or reutilization (Software) fulfills the requirements, except consumable supplies. If not, the customer activity should obtain a LCM approval from the appropriate authority for the proposed acquisition of IT and/or related services, before the submission of a purchase request. However, the contracting officer is not a gatekeeper for the acquisition of IT. Under the new ITMRA, proof of LCM review and validation is not required by the contracting officer to proceed with the acquisition.

**5. Purchase Authority:** FISC Yokosuka's contracting authority for IT is as follows -



<u>TYPE OF CONTRACTING</u>	<u>THRESHOLD</u>	<u>INTERNET SITE FOR INFORMATION</u>
Open purchase from foreign sources	Unlimited	Not applicable
Open purchase from CONUS sources	\$25,000.00	Not applicable
GSA/FSS contract delivery orders	Up to MOLs*	<a href="http://www.fss.gsa.gov/schedules">http://www.fss.gsa.gov/schedules</a>
BPA with Multiple Award Schedules	Unlimited	<a href="http://www.it-umbrella.navy.mil/">http://www.it-umbrella.navy.mil/</a>

ITEC Direct orders	GCPC only	<a href="http://www.itec-direct.navy.mil">http://www.itec-direct.navy.mil</a>
IDIQ type contract delivery orders	Unlimited	<a href="http://www.chips.navy.mil/">http://www.chips.navy.mil/</a>

\* Maximum Order Limitations

Individual open purchase requirements from CONUS sources in excess of \$25,000 will be forwarded to FISC Puget Sound, WA, in accordance with NAVSUPINST 4200.81(series).

**CAUTION!** - In case the end user could acquire IT resources through the use of its Governmentwide Commercial Purchase Card (GCPC) or Internet shopping, such as ITEC Direct and GSA Advantages, FISC Yokosuka will return a purchase request (PR) to the end user.

## **6. Purchase Request Preparation**

### **a. PR Forms**

- (1) NAVCOMPT Form 2276;
- (2) DD Form 1348-6 (single line); and
- (3) DD Form 1149 (for afloat units).

### **b. PR Requirements.** PR requires the following information at a minimum -

- (1) An authorized signature;
- (2) An adequate requisition number;
- (3) Proper funding and date funds expire - if there is not sufficient time to award a contract or issue an order before the funds expire, nor are the funds available, FISC Yokosuka may return the PR to the requiring activity;
- (4) Definite specifications/description of supplies - e.g., part numbers, special attention items, quantity and unit price, and ship to) and/or statement of work. Specifications/purchase description shall, to the maximum extent practicable, be written to promote full and open competition;
- (5) A realistic delivery date/performance period;
- (6) Independent Government cost estimate;
- (7) Sole source statement (if necessary);
- (8) Special instructions (if necessary);
- (9) Point(s) of contact/telephone number(s);
- (10) A waiver for the use of GCPC (**This statement is required when the estimated amount of the proposed acquisition is less than \$2,500.**)

(11) Information of suggested sources (e.g., telephone and fax numbers and e-mail address). **(This information is specifically essential when the customer activity contemplates an acquisition from CONUS sources.)**

**Important!** -- An adequate PR will not only avoid problems later on such as of bid protests and contractor disputes, but also materialize a timely delivery.

## **7. Point of Contact at FECD, FISC Yokosuka**

General Contracting Branch -- ext. 243-8408/8407.

